

Service Date: September 15, 1975

BEFORE THE UTILITY DIVISION
DEPARTMENT OF PUBLIC SERVICE REGULATION
MONTANA PUBLIC SERVICE COMMISSION

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| In the Matter of the Application |) | |
| of PACIFIC POWER & LIGHT COMPANY |) | |
| for an Order Authorizing Borrowings |) | DOCKET NO. 6345 |
| in an Aggregate Principal Amount |) | |
| not Exceeding 50,000,000 at Any One |) | DEFAULT ORDER NO. 4212 |
| Time Outstanding Under a Loan |) | |
| Facility with Certain Banks |) | |

On August 1, 1975, PACIFIC POWER & LIGHT COMPANY (hereafter referred to as Applicant), filed with the Montana Public Service Commission its verified application requesting an order authorizing Applicant to borrow in an aggregate principal amount not exceeding \$50,000,000 at any one time outstanding under a revolving standby Loan Facility with certain banks. The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana. For detailed information with respect to the general character of Applicants business and the territory served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issue, the other regulatory authorizations required and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission, held in its offices at 1227 11th Avenue, Helena, Montana, on September 10, 1975, there being present Chairman Gordon Bollinger and Commissioners P. J. Gilfeather, Thomas G. Monahan, James R. Shea and George Turman, there came before the Commission for final action the matters and things in Docket No. 6345, and the Commission, having fully considered the application and all the data

and records pertaining thereto on file with the Commission and being fully advised in the premises. makes the following:

FINDINGS OF FACT

1 . Applicant, Pacific Power & Light Company, is a corporation organized and existing under and by virtue of the laws of the State of Maine and is qualified to transact business in the State of Montana.

Applicant's principal executive office is in the Public Service Building, Portland, Oregon, and its principal Montana office is in Kalispell; Applicant is duly qualified to do business in the State of Montana.

2. Applicant is operating as a public utility as defined in Section 70-103, RCM 1947, and as such is engaged in furnishing electric and water service in Montana.

3. The Commission has jurisdiction over the subject matter of said application under Section 70-117.1 through 70-117.6, RCM 1947.

4. Public notice of the filing of application and opportunity for public hearing was given on August 14, 1975. in The Western News, Libby, Montana, on August 13, 1975, in The Missoulian, Missoula, Montana, and August 13, 1975, in The Daily Interlake, Kalispell, Montana, and no protests or requests for a formal hearing were received by September 2, 1975.

5. Applicant proposes to borrow in an aggregate principal amount not exceeding \$50,000,000 at any one time outstanding through drawings under a revolving standby loan facility evidenced by a letter agreement to be dated as of September 18, 1975 (Exhibit D) between Applicant and Credit Suisse White Weld Limited as Agent for the banks listed in the letter agreement (Banks). The duration of the Loan Facility will be for a period of eighteen months from the date of the signing of the letter agreement, but will terminate no later than March 18, 1977. Under the loan facility, Applicant will have the right to make drawings from

time to time in the amount of \$1,000,000 or multiples thereof, for a period of one, three or six months, at Applicant's option, which borrowings will mature and be repaid on the last day of the chosen period, but in no event later than the termination date of the loan facility. Each drawing will be advanced by the Banks in the proportions that their respective commitments set forth in the letter agreement bear to the total loan facility.

Interest will be payable on each drawing at a rate per annum equal to a margin of 1 and 1/4 percent per annum plus the rate equal to the arithmetic mean (which, if not a whole multiple of 1/16 of 1 percent, shall be increased to the nearest whole multiple of 1/16 of 1 percent) of the rates at which deposits in United States Dollars are offered by prime banks in the London interbank market for periods of one, three, or six months, whichever is appropriate, and will be fixed at 11:00 AM (London Time) two business days prior to the date on which the drawing is made. The interest will be payable on each drawing from the date thereof until actual repayment and will be calculated on the basis of the actual number of days elapsed divided by 360. Applicant will be under no requirement or understanding to maintain compensating balances with the Banks.

Applicant will pay a commitment commission in United States Dollars at a rate of 1/2 of 1 percent per annum from September 18, 1975, until the termination of the loan facility calculated on the basis of the actual number of days elapsed divided by 360 and on the daily unused portion of the loan facility payable ninety days in arrears from the date of signing the letter agreement for the loan facility.

In the event of default with respect to the covenants to be kept and performed by Applicant as set forth in the letter agreement, the agent may, on written notice to Applicant, terminate the commitments of the Banks and declare all amounts due to the Banks to be due and payable with interest thereon at the applicable rate.

For further information concerning the loan facility, reference is made to the letter agreement (Exhibit D).

6. Gross proceeds to be received by Applicant from borrowings under the loan facility will not at any one time exceed \$50,000,000 in an aggregate principal amount.

7. Estimates as to various items of expense to be incurred in connection with the proposed borrowings are set forth in the application; the total estimated expense is \$133,250.

8. All of the proceeds from the borrowings, less expenses, will be used, in part, to temporarily finance Applicant's 1975-1976 construction expenditures presently estimated at \$591,486,000 (Exhibit F).

9. Permanent financing heretofore undertaken by Applicant in 1975 consisted of the sale of 3,500,000 shares of its Common Stock of the par value of \$3.25 per share (Docket No. 6269), the net proceeds from which were approximately \$55,580,000 and the sale of \$60,000,000 in principal amount of First Mortgage Bonds (Docket No. 6296), the net proceeds from which were approximately \$59,145,000. Applicant proposes to offer for sale 3,000,000 shares of its Common Stock on September 11, 1975 (Docket No. 6328) and plans to offer additional shares of its Common Stock under its Employees' Stock Purchase Plan (Docket No. 6248) during the last quarter of 1975.

10. The balance of funds required to meet estimated 1975-1976 construction expenditures is expected to come, in part, from funds to be generated internally and from the issuance of promissory notes (a) pursuant to a line of credit with certain banks, (b) in the form of Commercial Paper as authorized by the Commission's Order No. 4138, dated May 29, 1975 (Docket No. 6227) or (c) pursuant to a letter agreement dated March 18, 1974, with certain banks named therein providing for a revolving standby loan facility not exceeding \$35,000,000 at any one time outstanding as authorized by the Commission's Order 4134 issued March 18, 1974 (Docket No. 6220), which terminates September 18, 1975, and which will be succeeded by the revolving standby loan facility which is the subject of this application, and from permanent financing later in 1975 and in 1976 of a type and magnitude not yet finally determined.

11 . In addition, by Order No. 4104 of the Commission entered June 11, 1973 (Docket No. 6191), Applicant is authorized to assume liability as guarantor of not exceeding \$60,000,000 of Pollution Control Revenue Bonds to be issued by the County of Sweetwater, Wyoming. \$25,000.000 of the revenue bonds, dated as of October 1, 1973 (Series 1973 Bonds) were issued on October 24, 1973; \$15,000,000 thereof dated April 1 , 1975 (Series 1975A Bonds) were issued April 17, 1975; and \$18,000,000 thereof (Series 1975B Bonds) are proposed to be issued later in 1975 for the purpose of paying a portion of the cost of acquiring and improving certain air and water pollution control facilities to be installed at the first three units of the Jim Bridger coal-fired, steam electric generating plant in Sweetwater County, Wyoming, which is owned and being constructed by Applicant and Idaho Power Company as tenants in common.

12. Applicant requests that it be authorized to make said borrowings and that such order be made effective upon issuance.

CONCLUSIONS OF LAW

The securities transaction proposed by Applicant, as hereinafter authorized, will be for a lawful purpose and is consistent with the public interest; what the same is necessary, appropriate and consistent with the proper performance by Applicant of service as a public utility; and that the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of Applicant.

ORDER

IT IS ORDERED by the Commission:

1. The application of Pacific Power & Light Company for authority to borrow in an aggregate principal amount not exceeding \$50,000,000 at any one time outstanding through drawings under a revolving standby loan facility, pursuant to a letter agreement (Exhibit D) to be dated as of September 18, 1975, between Pacific Power & Light Company and Credit Suisse White Weld Limited as Agent for the banks therein named and to the proceeds for any purpose

set forth in its application and hereinabove, if authorized by Section 70-117.1, RCM 1947, is approved, effective upon issuance hereof.

The approval of these borrowings was made with the stipulation that the monies may be used only for projects which have been approved by all governmental agencies having authority and required to approve such projects in the State of Montana.

2. Pacific Power & Light Company shall file with this Commission copies of all such reports as are required to be filed by Applicant with the Federal Power Commission (FPC) under applicable rules and regulations of the FPC, as now in effect or as hereafter amended, relating to the issuance, sale and use of proceeds from the sale of the securities authorized to be issued by this order.

3. Issuance of this order does not mean acceptance of the applicant's exhibits or other material accompanying the application for any purpose other than the issuance of this order.

NOTE: Section 70-117.6, RCM 1947 provides that neither the issuance of securities by Applicant pursuant to the provisions of this order nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed hereunder.

On September 10, 1975, by a vote of four to one, Commissioner
James R. Shea dissenting.

GORDON E. BOLLINGER, Chairman

P J. GILFEATHER, Commissioner

THOMAS G. MONAHAN, Commissioner

GEORGE TURMAN, Commissioner

ATTEST:

GAIL E. BEHAN
Secretary

(Seal)

NOTICE: You are entitled to judicial review of this Order. Judicial review may be obtained
by filing within thirty (30) days from the service of this Order a petition for
review pursuant to Section 82-4216, RCM 1947.